

BEFORE THE STATE AUDITOR;  
EX-OFFICIO COMMISSIONER OF SECURITIES AND INSURANCE  
HELENA, MONTANA

IN THE MATTER OF:	)	Case No.: I 10-16-06-241
	)	
NICHOLAS RICHARD CLADIS, individually and in	)	CONSENT AGREEMENT
his capacity as a registered securities salesperson and	)	
investment adviser representative.	)	
	)	
Respondent.	)	

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Consent Agreement dated this 5<sup>th</sup> day of December 2006, between the Montana Securities Department ("Department"), acting pursuant to the authority of Securities Act of Montana, § 30-10-101 et seq. Montana Code Annotated (the "Act") and Nicholas R. Cladis (Cladis).

**RECITALS**

WHEREAS, the Securities Department (Department) issued a Notice of Proposed Agency Disciplinary Action and Opportunity for Hearing (Action) on or about December 4, 2006, alleging violations of the Montana Securities Act;

WHEREAS, the Department performed an investigation of information provided to it by UBS Financial Services that represent the basis for its claims against Cladis as asserted in this Action; and

WHEREAS, the Department and Cladis agree that the parties' best interests would be served by dismissing the Action and entering into the following specific agreement and undertakings set forth below.

NOW THEREFORE, in consideration of the mutual undertakings established herein, the Department and Cladis, as the parties hereto, enter into the following:

### AGREEMENT

A. Without admitting or denying the allegations and conclusions contained within the four corners of the Action, Cladis hereby stipulates and consents to the following:

1. Cladis shall submit to a psychological evaluation that will include a chemical dependency component and follow all recommendations associated with the evaluation.
2. Cladis shall pay restitution in an amount determined by the Department to Customers 5, 6, 7, 8, and 9.
3. Cladis shall provide a personal financial statement within seven days of signing this agreement.
4. Cladis shall attend and successfully complete a college level Business Ethics course approved by the Department within twelve (12) months of the signing of this Agreement.
5. Cladis shall be subject to heightened supervision at any new employment for a period of two years.
6. Cladis shall be barred from applying for a securities salesperson registration for a period of five years.
7. Cladis shall be denied application for an investment advisor representative (IAR) registration until completion of items 1, 2 and 3. Once he has met the terms of these sections of this

Agreement, the Department will approve his application for IAR unless circumstances warrant continued denial.

8. Cladis shall abide by the provisions of the Montana Securities Act and the rules and regulations promulgated in support of those laws.

B. The Commissioner agrees and stipulates to the following:

1. Upon signing this notarized consent agreement, the Commissioner shall dismiss this case, with prejudice, with respect to the allegations against Cladis.

C. The parties agree and stipulate as follows:

1. The Statute of Limitation is tolled for five (5) years from the date of consummation of this consent agreement with regard to the allegations set forth above. In the event Cladis violates the terms of this consent agreement or violates securities laws of any other state during the five year period, Cladis shall pay a fine to the State Auditor's Office in the amount of \$75,000.

2. Any complaints brought to the Commissioner after the signing of this Agreement that contain allegations of illegal acts by Cladis of a similar or the same nature as the allegations set forth in the Action that occurred prior to the consummation of this Agreement shall not result in further administrative, civil or criminal action by the Commissioner.

3. This Consent Agreement constitutes the entire agreement between the parties, there being no other promises or agreements, either express or implied. Pursuant to statutory authority, the Commissioner hereby agrees that the Commissioner will not initiate any civil, administrative, or criminal action against Cladis regarding the allegations contained in the Action.

4. The Commissioner will not refer the allegations or evidence underlying the allegations for criminal prosecution to any other agency. Cladis fully and forever releases and discharges the Office of the State Auditor, the elected State Auditor and all State Auditor employees from any and all actions, claims, causes of action, demands, or expenses for damages or injuries that may arise from the allegations underlying this Agreement, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of the Action.

DATED this 5<sup>th</sup> day of December 2006.

MONTANA SECURITIES DEPARTMENT

By: Lynne Egan  
LYNNE EGAN  
Deputy Securities Commissioner

SUBSCRIBED AND SWORN to before me this 5<sup>th</sup> day of  
December 2006.

Michelle Marise Huffel  
Notary Public for the State of Montana  
Residing at Helena MT  
My commission expires March 29 2008  
Printed Name: Michelle Marise Huffel

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2006.

\_\_\_\_\_  
NICHOLAS R. CLADIS

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of  
\_\_\_\_\_ 2006.

\_\_\_\_\_  
Notary Public for the State of Montana  
Residing at \_\_\_\_\_  
My commission expires \_\_\_\_\_  
Printed Name: \_\_\_\_\_

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4. The Commissioner will not refer the allegations or evidence underlying the allegations for criminal prosecution to any other agency. Cladis fully and forever releases and discharges the Office of the State Auditor, the elected State Auditor and all State Auditor employees from any and all actions, claims, causes of action, demands, or expenses for damages or injuries that may arise from the allegations underlying this Agreement, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of the Action.

DATED this \_\_\_\_ day of December 2006.

MONTANA SECURITIES DEPARTMENT

By: \_\_\_\_\_  
LYNNE EGAN  
Deputy Securities Commissioner

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of  
\_\_\_\_ 2006.

Notary Public for the State of Montana  
Residing at \_\_\_\_\_  
My commission expires \_\_\_\_\_  
Printed Name: \_\_\_\_\_

DATED this 5<sup>th</sup> day of December 2006.

Nicholas R. Cladis  
NICHOLAS R. CLADIS

SUBSCRIBED AND SWORN to before me this 5<sup>th</sup> day of  
December 2006. per the telegraphic authorization and direction  
of Nicholas R. Cladis

Casey Heitz  
Notary Public for the State of Montana  
Residing at Billings MT 59606  
My commission expires 10-14-2007  
Printed Name: Casey Heitz